

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 EA-07 FRB-03 INR-07 NEA-10 NSAE-00 USIA-06

OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 AGRE-00

OMB-01 L-03 STR-04 /091 W
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R 151917Z OCT 76

FM USMISSION OECD PARIS

TO SECSTATE WASH DC 3794

INFO AMEMBASSY BONN

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GENEVA FOR PREEG - US DEL UNCTAD TDB

EB/OIA FOR SMITH, L FOR FELDMAN, TREASURY FOR NIEHUSS

E.O.11652: N/A

TAGS: EINV, EFIN, OECD

SUBJECT: COMMITTEE ON INTERNATIONAL INVESTMENT AND MULTI-
NATIONAL ENTERPRISES (CIME); AGENDA FOR NEXT MEETING,
NOVEMBER 9-10: AND PREEG CONVERSATION WITH OECD
SECRETARIAT

REFS: (A) STATE 255187, (B) OECD PARIS 29713

1. DEPUTY ASSISTANT SECRETARY PREEG (IN PARIS AS PART
OF DELEGATION TO XCSS) AND MISSION OFFICERS ON OCTOBER
14 HAD EXTENDED DISCUSSION WITH OECD SECRETARIAT
(VOGELAAR AND BERTRAND) RESPONSIBLE FOR CIME. FOLLOWING
ARE ESSENTIAL POINTS BROUGHT OUT DURING CONVERSATION.

2. CHAIRMANSHIP: IN OCTOBER 12 DISCUSSION WITH CIME
VICE CHAIRMAN NIKLASSON IN STOCKHOLM, VOGELAAR REVIEWED
AGENDA FOR UP-COMING MEETING NOVEMBER 9-10. ACCORDING
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TO VOGELAAR, NIKLASSON IS PREPARED TO HAVE THE NEW CIME

CHAIRMAN TAKE UP HIS DUTIES EITHER AT THE BEGINNING OR AT THE END OF THE NEXT CIME MEETING. VOGELAAR INDICATED HIS IMPRESSION IS NIKLASSON WOULD BE IN TOUCH WITH FRG TO DISCUSS TIMING OF CHANGE-OVER TO ABRAMOWSKI. VOGELAAR SAID HE PERSONALLY CONTINUES TO BELIEVE THAT NIKLASSON SHOULD ACT AS CHAIRMAN FOR ENTIRE NOVEMBER CIME MEETING, IN PART BECAUSE THERE ARE "RUMORS" THAT THE FRENCH OR THE ITALIANS MAY PROPOSE ALTERNATIVE CANDIDATES FOR CIME CHAIRMAN. THUS, TO AVOID RISK THAT ANY CONTROVERSY OVER CHAIRMANSHIP WOULD INTERFERE WITH SUBSTANCE OF MEETING, VOGELAAR BELIEVES ELECTION SHOULD BE LEFT TO THE END OF THE MEETING. (FYI: PRIVATELY, BERTRAND EXPRESSED SKEPTICISM ABOUT THE POSSIBILITY OF ALTERNATIVE CANDIDATES FOR THE CHAIRMANSHIP.) PREEG STATED HIS FEELING THAT IT WOULD BE LOGICAL TO HAVE NEW CHAIRMAN PRESIDE OVER MEETING WHICH WOULD SHAPE WORK PROGRAM HE WOULD LATER BE CALLED UPON TO IMPLEMENT.

3. FREQUENCY OF MEETINGS: THERE WAS GENERAL ACCORD THAT FUTURE MEETINGS OF CIME SHOULD NOT BE FREQUENT IN ORDER TO HELP MAINTAIN HIGH LEVEL ATTENDANCE. PRECISE NUMBER OF MEETINGS PER YEAR MIGHT BE DETERMINED FLEXIBLY AS NATURE OF FUTURE WORK PROGRAM BECAME CLEARER.

4. DELEGATION OF WORK: WITH REGARD TO THE POSSIBILITY OF TRANSFERRING NATIONAL TREATMENT AND INCENTIVES/DIS-INCENTIVES ISSUES TO OTHER COMMITTEES, WE EXPRESSED NEGATIVE VIEW ON PRELIMINARY BASIS. THE POSSIBILITY OF NEED FOR TECHNICAL SUB-GROUPS OF THE CIME ITSELF WAS LEFT OPEN PENDING CLARIFICATION OF THE FREQUENCY OF CIME MEETINGS, SINCE THERE ARE ELEMENTS OF TRADE-OFF BETWEEN NUMBER OF CIME MEETINGS AND CREATION OF WORKING GROUPS. WE WERE NEGATIVE WITH RESPECT TO SUB-GROUPS ON CONSULTATIONS, ALTHOUGH A TECHNICAL SUB-GROUP REGARDING NATIONAL TREATMENT MAY BE USEFUL.

5. WORK PROGRAM: THERE WAS GENERAL CONSENSUS THAT THE COMMITTEE SHOULD PLAY AN IMPORTANT ROLE IN COORDINATING WORK OF THE SPECIALIZED COMMITTEES WITHIN THE OECD IN THE AREA OF INTERNATIONAL INVESTMENT AND MNE'S. THERE LIMITED OFFICIAL USE

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WAS ALSO A BROAD CONVERGENCE OF OPINION THAT CIME HAD IMPORTANT ROLE FOR OECD COUNTRIES VIS-A-VIS ACTIVITIES IN OTHER INTERNATIONAL FORA. WE TOOK THE VIEW THAT THIS WOULD BE HIGHLY USEFUL WITH RESPECT TO THE UN CODE EXERCISE, AND LOOKED FORWARD TO A FIRST EXCHANGE OF VIEWS AT THE NOVEMBER CIME MEETING. WITH REGARD TO THE ILLICIT PAYMENTS EXERCISE, IN CONTRAST, WE WERE SOMEWHAT SKEPTICAL THAT EARLY EXCHANGE IN CIME WOULD BE HELPFUL.

THIS VIEW ON OUR PART WAS REINFORCED BY VOGELAAR STATE-
MENT THAT PERHAPS SEPARATE OECD EXERCISE ON ILLICIT PAYMENTS SHOULD
BE
STARTED, SINCE THERE IS LITTLE EXPECTATION OF EARLY
PROGRESS IN THE UN CONTEXT IN THIS AREA. WE TOOK STRONG
ISSUE WITH VOGELAAR ON THIS POINT. WITH RESPECT OF THE
IMPLEMENTATION AND REVIEW OF THE OECD INVESTMENT PACKAGE
AND CONNECTION OF OECD INVESTMENT PACKAGE TO WORK IN

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OTHER FORA, VIEWS DIVERGED SUBSTANTIALY. VOGELAAR
ADVANCED THE POTENTIALLY HARMFUL NOTION THAT CIME SHOULD
PLAY AN ACTIVE ROLE IN ADAPTING, AS SOON AS POSSIBLE,
THE MNE GUIDELINES AND OTHER PARTS OF THE INVESTMENT
PACKAGE TO WHAT MIGHT BE A FEASIBLE RESULT IN THE UN CODE
EXERCISE. VOGELAAR ARGUED THAT THE OECD GUIDELINES AS
THEY NOW EXIST ARE NOT AN ACCEPTABLE BASIS FOR AGREEMENT
IN THE UN. IN ORDER TO FIND AN ACCEPTABLE CONSENSUS IN
THE UN, AND TO BE CONSISTENT WITH OUR POSITIONS IN OTHER

INTERNATIONAL FORA ON THIS SUBJECT, CIME SHOULD TRY IMMEDIATELY TO "IMPROVE" THE GUIDELINES, ESPECIALLY THE ENFORCEMENT AND REVIEW MECHANISMS. WE OPPOSED STRONGLY THIS SUGGESTION, WARNING THAT THE COMMENCEMENT OF ANY WORK IN THE CIME TO CHANGE A CAREFULLY-NEGOTIATED AND BALANCED PACKAGE PRIOR TO THE END OF THE AGREED REVIEW PERIOD OF THREE YEARS WOULD BE PREMATURE AND DANGEROUS. RATHER, WE SHOULD BEST SEE HOW THINGS UNFOLD AND WHAT PROBLEMS, IF ANY, COUNTRIES BRING FORWARD TO CIME PRIOR TO CONSIDERING ANY REVIEW OF THE OECD INVESTMENT PACKAGE. LIMITED OFFICIAL USE

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(FYI: BERTRAND WAS CONSPICUOUSLY SILENT AS TO THE VIEWS EXPRESSED BY VOGELAAR; HE DID EXPRESS OPINION, HOWEVER, THAT AGREEMENT ON CODES WITH LDC'S WOULD BE DIFFICULT. HOWEVER, HE SUGGESTED THAT DC'S SHOULD NOT OVER-DRAMATIZE THE NEED FOR A SUCCESSFUL CONCLUSION OF UN TNE EXERCISE AS LONG AS, DEFACTO, THE INVESTMENT CLIMATE WORLDWIDE WAS IMPROVING.)

6. REFTTEL A RECEIVED DAY AFTER ABOVE DISCUSSION, BUT IS CONSISTENT WITH VIEWS EXPRESSED HERE.
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